



Edgars Stores Limited

YEAR END RESULTS FOR THE 52 WEEKS ENDED 5 JANUARY 2013

Retail sales up 17.8% to \$60.1m • Trade and other receivables up 19.7% to \$23.3m • Current ratio up from 1.33 to 2.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 52 weeks to 5 January 2013

	2012 \$ 05.01.2013 audited	2011 \$ 07.01.2012 audited
Revenue	62 576 258	52 966 011
Retail sales	60 165 194	51 079 462
Profit before depreciation	8 594 465	7 918 591
Depreciation	(648 163)	(458 059)
Trading profit	7 946 302	7 460 532
Interest receivable	53 585	7 933
Finance costs	(2 705 059)	(2 842 824)
Profit before taxation	5 294 829	4 625 641
Taxation	(1 497 237)	(1 289 269)
Profit for the period	3 797 592	3 336 372
Other Comprehensive income:		
Revaluation of property, plant and equipment	-	165 120
Deferred tax arising	-	(8 375)
Other comprehensive income for the period, net of tax	-	156 745
Total comprehensive income for the period	3 797 592	3 493 117
Earnings per share (cents)		
Basic	1.53	1.37
Diluted	1.50	1.37
Headline	1.49	1.40

CONSOLIDATED STATEMENT OF CASHFLOWS for the 52 weeks to 5 January 2013

	2012 \$ 05.01.2013 audited	2011 \$ 07.01.2012 audited
Cash flows from operating activities		
Trading profit	7 946 302	7 460 532
Non cash items	1 708 440	1 584 574
Movements in working capital	(5 003 878)	(4 493 737)
Cash generated from operations	4 650 863	4 551 368
Interest paid	(2 553 766)	(2 842 824)
Taxation paid	(1 002 933)	(3 258)
Cash inflow from operating activities	1 094 164	1 705 286
Cash flows from investing activities		
Payments for property, plant and equipment	(2 188 927)	(1 693 672)
Proceeds from disposal of property, plant and equipment	215 464	170 478
Payments for purchase of intangible assets	(160 000)	-
Interest received	48 166	7 933
Net cash used in investing activities	(2 085 297)	(1 515 261)
Cash flows from financing activities		
Proceeds from issue of equity shares	74 356	45 417
Proceeds from borrowings	43 296 681	42 851 986
Repayment of borrowings	(37 948 693)	(42 897 624)
Net cash generated/ (used in) financing activities	5 422 344	(221)
Net increase in cash and cash equivalents	4 431 212	189 805
Net foreign exchange difference	-	(1 083)
Cash and cash equivalents at the beginning of the year	316 562	127 840
Cash and cash equivalents at the end of the year	4 747 774	316 562

CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the 52 weeks to 5 January 2013

	2012 as at 05.01.2013 \$ audited	2011 as at 07.01.2012 \$ audited
Assets		
Non-current assets		
Property, plant and equipment	5 406 146	3 988 512
Deferred tax asset	573 644	573 644
Intangible asset	146 667	-
Total non current assets	6 126 456	4 562 156
Current assets		
Inventories	9 565 517	8 850 252
Trade and other receivables	23 344 145	19 514 556
Cash and bank balances	4 747 774	316 562
Total current assets	37 657 436	28 681 370
Assets classified as held for sale	-	10 227
Total assets	43 783 892	33 253 753
Equity and liabilities		
Equity		
Issued capital	154 180	79 826
Reserves	11 611 627	7 711 985
Total equity	11 765 807	7 791 811
Non-current liabilities		
Interest bearing loans and borrowings	14 321 139	1 501 930
Deferred tax liability	3 005 855	2 366 770
Total non current liabilities	17 326 994	3 868 700
Current liabilities		
Trade and other payables	7 916 972	7 330 886
Current tax liabilities	(256 736)	111 955
Interest bearing loans and borrowings	7 030 854	14 150 402
Total current liabilities	14 691 091	21 593 243
Total liabilities	32 018 084	25 461 943
Total equity and liabilities	43 783 892	33 253 753
Net equity per share (cents)	4.09	2.76
Current ratio	2.56	1.33
Gearing	1.81	2.01
Borrowings cover	1.54	1.81

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the 52 weeks to 5 January 2013

	Issued capital	Equity-settled employee benefits reserve	Revaluation reserve	Change in functional currency reserve	Retained earnings	Total
Balance at 8 January 2011	34 408	112 617	865 824	932 267	2 183 688	4 128 804
Release in respect of revalued assets disposed	-	-	-	(3 360)	3 360	-
Comprehensive income for the period	-	-	156 745	-	3 336 372	3 493 117
Issue of ordinary shares under employee share option plan	45 417	-	-	-	-	45 417
Recognition of share based payments	-	124 472	-	-	-	124 472
Balance at 7 January 2012	79 825	237 089	1 022 568	928 907	5 523 419	7 791 807
Comprehensive income for the period	-	-	-	-	3 797 591	3 797 591
Issue of ordinary shares under employee share option plan	74 356	-	-	-	-	74 356
Recognition of share based payments	-	102 052	-	-	-	102 052
Balance at 5 January 2013	154 181	339 141	1 022 568	928 907	9 321 010	11 765 807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the 52 weeks to 5 January 2013

- The same accounting policies and methods of computation are followed in the Final Results as compared with the most recent annual Financial statements.
- The Directors are ultimately responsible for the preparation of these Final Results and related financial information that fairly present the state of affairs and the results of the group.
- The results presented herein have been audited by the Group's external auditor, Ernst & Young, who issued an unqualified opinion on them.

	2012 \$	2011 \$
4 Headline earnings		
Earnings attributable to shareholders	3 797 592	3 493 117
Adjusted for non-recurring items: Profit on disposal of property, plant and equipment	(100 219)	(79 919)
Headline earnings	3 697 372	3 413 198
5 Capital expenditure		
Acquisition of property, plant and equipment	2 188 927	1 693 672
6 Capital Commitments		
Authorised and contracted for	257 439	176 107
Authorised but not yet contracted for - store revamps	4 664 526	5 376 261
	4 921 965	5 552 368

All expenditure is to be financed from existing cash resources and the utilisation of authorised borrowing facilities.

	2012 \$	2011 \$
7 Lease commitments		
There are no Finance lease commitments		
Future minimum rentals under non-cancellable operating leases are as follows:		
Within one year	2 585 589	2 255 462
After one year but not more than five years	3 057 821	5 376 261
	6 336 050	5 782 004

- Related party relationships exist between the group, fellow subsidiaries and the holding company. All purchasing and selling transactions are concluded at arm's length. All intra-group balances, income and expenses, unrealised gains and losses resulting from intra-group transactions are eliminated in full.

	Saturday, January 05, 2013			Adjustments & Eliminations	Consolidated
	Retail	Manufacturing	Total Segments		
Revenue					
External customers	59 909 882	255 312	60 165 194	-	60 165 194
Inter-segments	-	4 242 705	4 242 705	(4 242 705)	-
Total revenue	59 909 882	4 242 705	68 395 291	(4 242 705)	60 165 194
Segment trading profit/(loss)	8 316 765	(370 463)	7 946 302	-	7 946 302
Total assets	43 925 338	4 654 834	48 580 172	(4 796 280)	43 783 892
	Saturday, January 07, 2012				
Revenue					
External customers	50 720 382	359 081	51 079 463	-	51 079 463
Inter-segments	-	2 464 670	2 464 670	(2 464 670)	-
Total revenue	50 720 382	2 823 751	53 544 133	(2 464 670)	51 079 463
Segment trading profit/(loss)	12 147 320	(690 684)	11 456 636	(3 996 104)	7 460 532
Total assets	38 165 420	9 104 406	47 269 826	(14 016 073)	33 253 753

COMMENTARY

Aggressive account drives, marketing, finalization of rebranding Express Stores to Jet as well as the opening of additional outlets led to the Group realizing an 18% increase in turnover, above that which was promised at half year. At \$23.3m, trade receivables were 19.7% up on prior year and the number of accounts grew from 158 901 to 181 581. In December we concluded a medium term guaranteed loan for \$18m, repayable over 5 years. This will reduce borrowing costs in 2013 and going forward.

Retail Operations

The Edgars chain grew sales by 12% to \$48.8m (FY2011 \$43.4m). This represents 81% of group retail sales (FY2011:86%) of which 73% were credit sales. On 17 December a new store was opened in Bulawayo, increasing the number of outlets to 24. Store trading profitability was at 22% (FY2011:23%) while unit sales grew by 3%.

The Jet Chain achieved sales of \$11.1m (FY2011:\$7.3m) a growth of 52%. Four new stores were opened in the period (Karoo, Bulawayo, Chinhoyi and Kadoma) bringing the total number of outlets to 16. The chain achieved a store trading profit of 11.2% (FY2011:11.9%) and unit sales grew 39.6%

Manufacturing

The factory incurred a loss of \$417 906 (FY2011:\$565 793) which was an improvement of \$147 887. Equipment has been purchased to enhance quality and production efficiencies. Efforts to attract additional customers and improve product mix will continue. The unit will be profitable in 2013.

Credit Management

Average handovers were 0.3% and 1.6% of lagged debtors and credit sales respectively. Provision for doubtful debts was 1.64% of total debtors.

Capital Expenditure

The bulk of the capital expenditure was for new stores and refurbishments, with the balance spent on IT systems, vehicles and other plant and equipment.

Outlook

Our focus areas this year are to continue improving the customer experience, merchandise assortments, cost control and factory profitability while developing and motivating our people. We are confident that the business will continue to grow and that profitability will improve.

Dividend

The board is conscious of the need for the payment of dividends. This will be done when our recovery is complete in terms of gearing.

Appreciation

I am grateful to Board colleagues, management, staff and other stakeholders for their unwavering efforts and support of the business.

T.N Sibanda

CHAIRMAN

Edgars

Jet
GOOD FOR LIFE

Carousel
(PVT) LTD

DIRECTORATE: Non Executive Chairman: T. N. SIBANDA • Group Managing Director: *L. MASTERSON, • Directors: C. F. DUBE, Dr L. L. TSUMBA, R. MLOTSHWA, *V. MPOFU, *Z. VELLA, *J. B. GALLOWAY *Executive